2005/2006

NWT Business Development and Investment Corporation

Annual Report

NWT Business Development and Investment Corporation

701, 5201-50th Ave.
Yellowknife, NT X1A 3S9

Telephone: (867) 920-6455
Fax: (867) 765-0652

Email: bdicinfo@gov.nt.ca
Web: www.bdic.ca

Table of Contents

Message from the Chairperson 2

Message from the Chief Executive Officer 3

Who We Are 4

2005/2006 Programs & Activities 7

2005/2006 Job Creation or Maintenance 12

2005/2006 Financial Assistance & Investments 13

A Message From The Chairperson

On behalf of the Board of Directors, I am pleased to present the first annual report of the newly created Northwest Territories Business Development and Investment Corporation (BDIC).

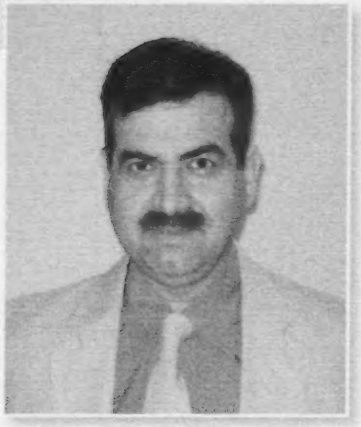
On April 1, 2005, the BDIC was created to streamline and improve the coordination of the GNWT's business assistance programs, allowing for more flexibility in the delivery of programs and a broader range of services, including business information services. The operations and programs of both the former NWT Business Credit Corporation and the former NWT Development Corporation continue to be delivered by the BDIC. In addition, the BDIC also has a new focus area – Business Services. In that light, responsibility for Canada Business NWT was also transferred to the BDIC.

The Board met seven times during the 2005/2006 fiscal year, either in person or via teleconference. The initial nine members of the BDIC Board included five individuals who were on the Board of one of the BDIC's predecessor corporations. I would like to express my appreciation to the Board for their hard work in establishing a strategic direction for this new organization.

In 2005/2006, the BDIC also welcomed a new Chief Executive Officer, Mr. Pawan Chugh. I would like to thank Pawan and the rest of the BDIC staff for maintaining seamless program delivery through the transition period. We have accomplished a lot and are looking forward to continuing to provide a valued service to the NWT business community and building on the momentum created in 2005/2006.

Mahsi.

D. Beaulieu



A Message From The Chief Executive Officer

During its first year, the BDIC made progress towards achieving a streamlined, coordinated approach to business program delivery. It integrated the credit facilities programs of the former NWT Business Credit Corporation with the venture investment, contribution, and subsidiary programs of the former NWT Development Corporation. Through its contribution program and the Canada-NWT Business Service Centre, the BDIC now provides one-stop access to business support – from pre-application inquiries to aftercare.

In 2005/2006, the BDIC approved $7,814,000 in loans and $24,800 in contributions. It continued to support six active subsidiary companies, which provide much-needed employment opportunities in smaller communities across the NWT, and maintained venture investments in fourteen companies. Through the Canada-NWT Business Service Centre, the BDIC also provided information and support in response to 639 enquiries from entrepreneurs and other members of the public.

At its first meeting, in April 2005, the BDIC Board approved a Corporate Plan that included several strategic objectives. The main objective was to undertake a full review of all existing business assistance programs. The other strategic objectives included the development of an evaluation system to measure program performance, the implementation of a strategy to reduce credit program losses, the development of an engagement plan with the NWT business community, and the development of a plan for partnership with financial institutions and other organizations.

The BDIC made significant progress towards meeting all of the Board's strategic objectives, thus creating a strong foundation for additional efforts in 2006/2007.

2005/2006 has been a year of many changes and some challenges. One area in which the BDIC experienced a significant change was financial reporting requirements. These changes affected the completion, presentation and audit of our 2005/2006 financial statements. As a result, the 2005/2006 figures will appear in the 2006/2007 Annual Report, along with the figures for that fiscal year.

Thank you.

P. Chugh

Who We Are

Our Mandate, Vision, and Mission

The Northwest Territories Business Development and Investment Corporation (BDIC) was established on April 1, 2005 and is mandated to:

> *... support the economic objectives of the Government of the Northwest Territories in a manner that benefits the people and the economy of the Northwest Territories by*
>
> - *encouraging the creation and development of business enterprises;*
> - *providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;*
> - *directly investing in business enterprises; and*
> - *providing information to business enterprises and members of the public respecting;*
>   - *the establishment and operation of businesses; and*
>   - *other business matters.*
>
> *(NWT BDIC Act)*

The BDIC is the successor to the Northwest Territories Development Corporation and the Northwest Territories Business Credit Corporation. All of the assets, liabilities, rights, and obligations of these two organizations were transferred to the BDIC when it was established. All of their programs are now delivered by the BDIC. In addition, as part of an overall effort to streamline and improve the coordination of the GNWT's business assistance programs, the BDIC took over responsibility for the Canada-NWT Business Service Centre, which is operated in partnership with Industry Canada.

BDIC Board Governance Workshop 2006

The BDIC's vision is:

> *A Northwest Territories business sector leading a diversified, sustainable economy that attracts investment and provides Northerners with opportunities to be self-reliant.*

The BDIC's mission is:

> *To strive for excellence in providing community and regional economic development services, including the provision of financial assistance; meaningful, timely and relevant business information; and support, promotion and mentoring to existing and potential businesses.*

The BDIC's vision and mission emphasize the importance of business development in ensuring long-term prosperity for the Northwest Territories (NWT). They also recognize that a sustainable economy is based on Northerners' capacity to establish and maintain successful businesses, allowing them to be self-reliant and to participate fully in the economic and social life of the NWT.

Our Board

The following individuals have been appointed as directors on the BDIC Board by the Minister of Industry, Tourism and Investment, the Honourable Brendan Bell:

Darrell Beaulieu	Chairperson	N'dilo
Denise Yuhas	Vice Chairperson	Fort Smith
Eddie Dillon	Director	Tuktoyaktuk
Janet-Marie Fizer	Director	Hay River
Charles Furlong	Director	Aklavik
Albert Lafferty	Director	Fort Providence
Curtis Shaw	Director	Yellowknife
Ernie Smith	Director	Behchokò
Ann Marie Tout	Director	Norman Wells

During the 2005/2006 fiscal year, the Board established three committees: the Audit Committee, the Appeals Committee and the Application Review Committee.

The Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities for financial reporting, internal control systems, audits, performance and monitoring compliance with laws, governing acts, regulations and directives and the code of conduct. Its members are:

Albert Lafferty	Chairperson
Janet-Marie Fizer	Member
Charles Furlong	Member
Denise Yuhas	Member
Ernie Smith	Alternate

The Appeals Committee

The Appeals Committee reviews appeals on financial program applications rejected by the Application Review Committee (ARC) or the Chief Executive Officer (CEO). Its members are:

BDIC Board Chairperson or Vice Chairperson
Any other two Board members.

To avoid potential conflicts of interest there are no specific individuals named to this Committee. The two Board members are chosen each time there is an appeal to be reviewed.

The Application Review Committee

The Application Review Committee reviews financial program applications over $500,000 and not exceeding $2,000,000. Its members are:

CEO or designate
The Director, Operations or Director, Program Evaluation and Finance

BDIC Board Directors are ex-officio members of this Committee.

BDIC Staff Planning Workshop 2005

Our Staff

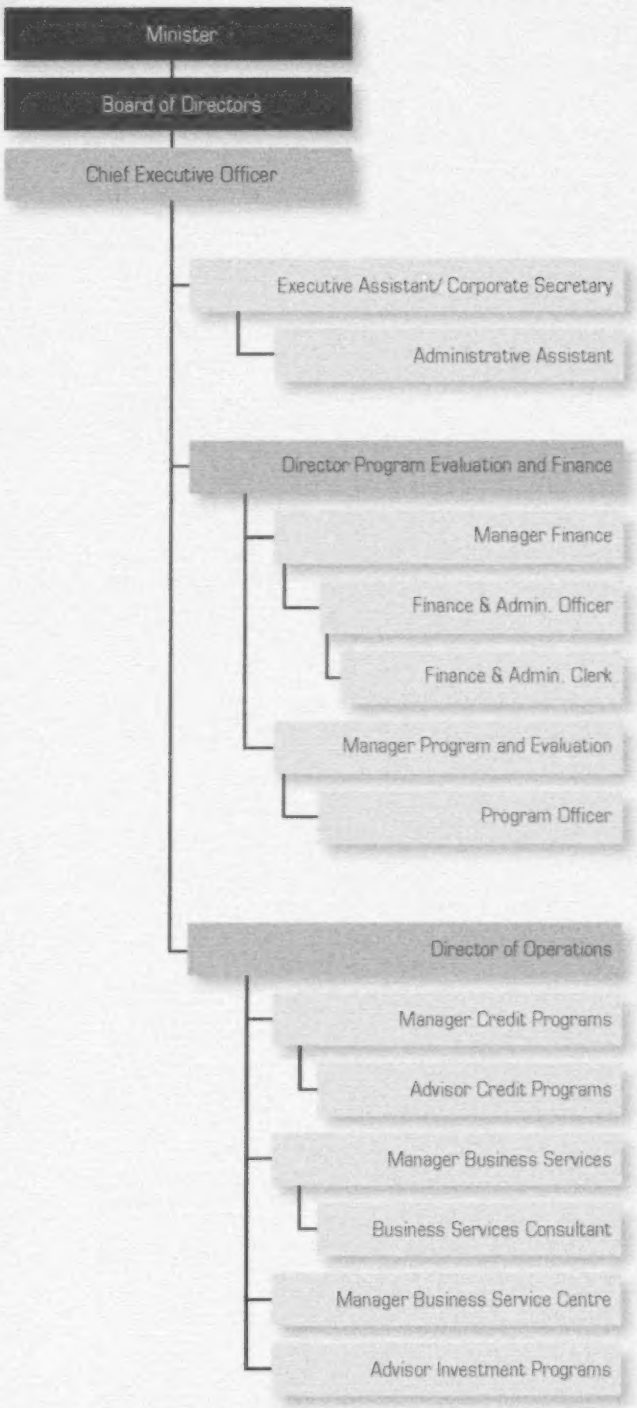


Figure 1 BDIC Organizational Structure as of March 31, 2006

2005/2006 Programs & Activities

The BDIC's current suite of programming falls into two categories:

- Financial programs
- Business services

These services are available to any qualifying new or existing business in the NWT. All of our financial and business services programs are delivered at the Headquarters and Regional levels.

Financial Programs

Credit Programs

The BDIC lends to northern businesses where conventional lending institutions are not prepared to participate and to businesses in communities where a commercial bank is not operating. The terms can be flexible to meet the needs of individual clients. The BDIC also provides contract security to businesses for bid and performance bonds and Standby Letters of Credit to support businesses in obtaining credit from their suppliers.

In 2005/2006, the BDIC received 59 applications for the loan program with a total value of $15,699,000. The BDIC approved $7,814,000 in loans in 2005/2006. Two Standby Letters of Credit, totalling $140,000, were renewed in 2005/2006.

Communities by Region

- **Dehcho**
  Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Trout Lake, Tungsten, and Wrigley.
- **Inuvik**
  Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk, and Ulukhaktok.
- **North Slave (including Tlicho)**
  Behchokò, Dettah, Gamètì, N'dilo, Wekweètì, Whatì, and Yellowknife.
- **Sahtu**
  Colville Lake, Deline, Fort Good Hope, Norman Wells, and Tulita.
- **South Slave**
  Enterprise, Fort Providence, Fort Resolution, Fort Smith, Hay River, Hay River Reserve, Kakisa, Lutselk'e, Reliance, and Rocher River.

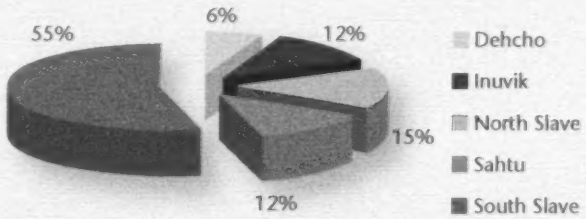


Figure 2 Number of Approved Loans by Region in 2005/2006

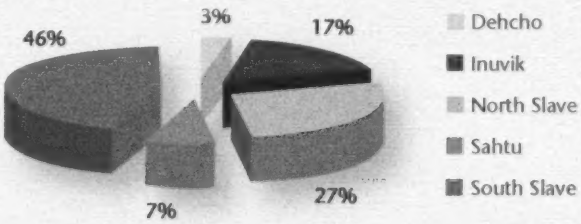


Figure 3 Value of Approved Loans by Region in 2005/2006

The majority of approved loans were in the South Slave region. The Dehcho region had the fewest approved loans. 64% of approved loans were to clients in Level I communities, approximately 15% of approved loans were to clients in Level II communities, and approximately 21% of approved loans were to clients in Level III communities.

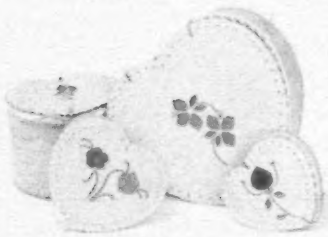
Community Levels

- **Level I Communities** - communities with well developed business infrastructure and air / road transportation links – Fort Smith, Hay River, Inuvik, and Yellowknife.
- **Level II Communities** - communities with business infrastructure and air / road transportation links – Behchokò, Fort Simpson, and Norman Wells.
- **Level III Communities** – communities with the least developed business infrastructure and air / road transportation links – all the communities not listed above.

Subsidiaries

The BDIC owns seven subsidiary companies. All but one of its subsidiaries are located in Level III communities. The BDIC provides its subsidiaries with operating funds and funds for new facilities or equipment so that they can create and/or maintain employment in their community. Where necessary, the BDIC also provides a range of support services to its subsidiaries, including accounting, marketing, and general operational support. Several BDIC subsidiaries promote traditional fine arts and crafts activities and the use of traditional materials, which further supports the local economy.

The BDIC's subsidiaries are governed by Boards of Directors. Directors are chosen from the community, the BDIC Board, and BDIC staff, and the BDIC would like to thank them for their efforts on behalf of the subsidiary companies and the BDIC.



Baskets from Acho Dene Native Crafts Ltd.

There are currently five active subsidiaries in the Dehcho, Inuvik, North Slave, and South Slave regions. No new subsidiaries were established in 2005/2006 and no existing subsidiaries were sold or closed.

Acho Dene Native Crafts Ltd.

Acho Dene Native Crafts Ltd. produces traditional arts and crafts for wholesale and retail through a store in Fort Liard. The primary products are birch bark baskets with porcupine quillwork. The people of the area make these traditional products as they have for centuries. The business also sells leather accessories, including traditional mittens, gauntlets, moccasins and mukluks, and small souvenir items. Acho Dene Native Crafts Ltd. began operations in 1976 as a project of the former Department of Economic Development and Tourism. The former Development Corporation assumed ownership and responsibility for the store and its operations in 1992.

Irene McLeod, Alma Jumbo, and Afzal Currimbhoy serve on the Board of Directors for Acho Dene Native Crafts Ltd.

Aklavik and Tuktoyaktuk Furs Ltd.

The BDIC Board affirmed the 2002 decision of the Board of the former NWT Development Corporation to sell the assets (land and building) of this subsidiary. This process is underway.

Afzal Currimbhoy serves on the Board of Directors for Aklavik and Tuktoyaktuk Furs Ltd.

Arctic Canada Trading Co. Ltd.

Arctic Canada Trading Company Ltd. markets and sells arts and crafts products from the Northwest Territories. It was established in 1992.

Charles Furlong, Denise Yuhas, and Afzal Currimbhoy serve on the Board of Directors for Arctic Canada Trading Co. Ltd.

Dene Fur Clouds Ltd.

Dene Fur Clouds Ltd. is a knit fur manufacturing company in Fort Providence. The company produces luxurious knit fur garments and home accessories. Dene Fur Clouds Ltd. promotes traditional knowledge and skills and builds on local cultural inspiration in developing new fashion and home accessories.

Michael Nadli, Bernadette Landry, Gazira Chan, and Afzal Currimbhoy serve on the Board of Directors for Dene Fur Clouds Ltd.

Fort McPherson Tent and Canvas Shop (913044 NWT Ltd.)

The Fort McPherson Tent and Canvas Shop produces quality tent and bag products, including canvas wall tents and tipis, and a line of durable cordura nylon soft-side luggage and bags. The Fort McPherson Tent and Canvas Shop was incorporated in 1991.

Taig Connell, Hazel Nerysoo, Robert Alexie Sr., Sharon Snowshoe, Afzal Currimbhoy, Patricia Dillon, Jaysen Knight, and Leonard Kwong serve on the Board of Directors for the Fort McPherson Tent and Canvas Shop.

Nahanni Butte General Store Ltd.

The Nahanni Butte General Store Ltd. was established to meet the need for a local grocery store in Nahanni Butte, a community of approximately 75 people. The store also operates the community's only hotel.

Priscilla Betsaka, James Betsaka, and Afzal Currimbhoy serve on the Board of Directors for the Nahanni Butte General Store Ltd.

Rae Lakes General Store Ltd.

The Rae Lakes General Store Ltd. was established to meet the need for a local grocery store in Gamètì, a community of approximately 260 people.

Henry Gon, Frank Arrowmaker, Germaine Eyakfwo, Gary Bekale, and Afzal Currimbhoy serve on the Board of Directors for the Rae Lakes General Store Ltd.

Venture Investments

The BDIC invests in northern businesses in return for preferred shares. These long term investments are a form of patient capital to enhance clients' ongoing stake in a business or project. No new venture investments were made in 2005/2006.

The BDIC has venture investments in the following companies:

ADK Petroleum Limited Partnership was created to invest in oil and gas opportunities. The BDIC's investment was used to purchase a 25% interest in the Akita Drilling Rig.

Dunnett Petroleum Ltd. is a joint venture between the Tetlit Cooperative and the Tetlit Gwich'in Council to operate a gas station in Fort McPherson.

Enodah Wilderness Travel Ltd. owns and operates Trout Rock Wilderness Lodge on the North Arm of Great Slave Lake.

FC Services is a convenience store and gas station in Behchokò.

The BDIC's investment in the *Holman Eskimo Co-Operative Ltd.* was used to build a new, eight room hotel in Ulukhaktok.

Kunnek Resource Development Corporation was company formed to purchase and manage a reindeer herd in the Beaufort Delta region.

The *MS Norweta* is a 105-ton cruise vessel, based in Yellowknife, which offers seasonal cruises to destinations including the East Arm of Great Slave Lake and Inuvik.

North Nahanni Naturalist Lodge is on Cli Lake, near Fort Simpson.

Paulette & Clarke Renovations Ltd. is a construction and renovation company which has established a partnership with Westalta Modular Homes Inc. to sell and install Westalta brand modular homes and Ridgewood manufactured homes in the South Slave and northern Alberta.

Red Dog Mountain Contracting Ltd. is a heavy equipment contractor, operating out of Tulita, doing oil and gas site work, seismic contracts, and road construction and maintenance.

Tli Cho Cooperatives Ltd. is a general store in Behchokò owned and operated by Arctic Cooperatives Ltd.

Tri Vanguard Pictures Ltd. is a film production company. The BDIC's investment supported a limited company created specifically to develop a feature-length film.

Fort Liard

Two Rivers Development Corporation owns and operates an eight room, thirteen bed hotel in Tulita. The hotel complex also contains a post office and main-floor office space.

5352 NWT Ltd. owns and operates a four bedroom, eight bed hotel in Wekweètì. The hotel complex includes a restaurant.

Contributions

The BDIC provides financial assistance to northern businesses for feasibility assessments, development of new products, preparation of marketing and/or business plans and pilot projects.

In 2005/2006, the BDIC received three applications with a total value of $24,800. All the applications received were approved. Two of these contributions were to businesses in the South Slave region. The remaining contribution was to a business in the North Slave region.

Business Services

The BDIC offers business services and aftercare to our clients through the Canada-NWT Business Service Centre (CBSC), which is operated in partnership with Industry Canada.

The CBSC provides a wide range of information on small business programs, services and regulations to the public. The CBSC's mission is to contribute to economic growth by ensuring that business people in every part of the NWT have access to accurate, timely and relevant business information through a convenient single window.

The CBSC's publications and other information sources are available to northern communities through its website (www.cbsc.org/nwt). The CBSC also arranges with other organizations, such as Community Futures Development Corporations, to set up access points in NWT communities. There are CBSC access points in the following communities:

Fort Simpson - Hosted by the Dehcho Business Development Centre

Fort Smith - Hosted by Thebacha Business Development Services Inc.

Inuvik - Hosted by Western Arctic Business Development Services

N'dilo - Hosted by the Akaitcho Business Development Corporation

Norman Wells - Hosted by the Sahtu Business Development Centre

Whatì - Hosted by the Dogrib Area Community Futures

Acho Dene Native Crafts Ltd.

In 2005/2006, the CBSC responded to a total of 639 inquiries received by telephone, email, and from in-person visits. The CBSC's website received over 110,000 hits.

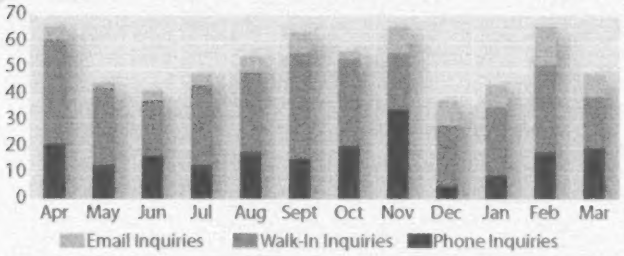


Figure 4 CBSC Inquiries by Month in 2005/2006

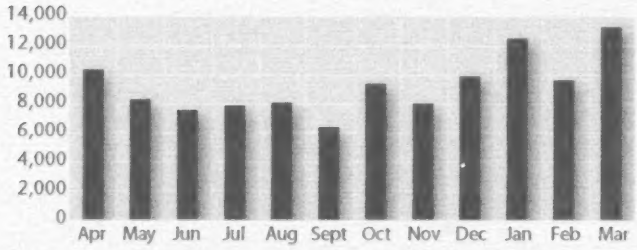


Figure 5 CBSC Internet Hits by Month in 2005/2006

In 2005/2006, the CBSC also conducted the following workshops:

- Canada Revenue Agency Workshop (18 participants)
- Small Business Week workshops (7 workshops / 44 participants)
- 2010 Business Opportunities Workshop (14 participants)
- Going Global Workshop (10 participants)

Community Futures Development Corporations

The BDIC supports the seven Community Futures Development Corporations (CFDCs) in the NWT by coordinating capacity-building events such as workshops and conferences and by lending the CFDCs loan capital to supplement their capital reserves. The CFDCs report to the BDIC on their activities and use of funds.

The Community Futures Program was established to support community economic development, diversify the economy, support the creation and expansion of small and medium sized enterprises, and maintain and create employment. There is a CFDC in every region of the NWT.

CFDCs are volunteer-run organizations supported by professional staff. They help communities to identify opportunities, develop strategies, and implement projects and plans. CFDCs also receive funding that they may use to provide loans, entrepreneurial training programs, business counselling services and Human Resources Development Canada's self employment assistance program.

Gamèti

2005/2006 Job Creation or Maintenance

In 2005/2006, the BDIC's venture investments and subsidiaries created or maintained 123.75 direct jobs and 24.00 indirect jobs, for a total of 147.75 jobs. This represents an increase of 20.25 jobs over the total for 2004/2005 (127.50 jobs created or maintained).

Investment	Direct Jobs	Indirect Jobs
913044 NWT Ltd (o/a Fort McPherson Tent & Canvas Shop)	8.00	5.00
Acho Dene Native Crafts Ltd.	3.00	
Arctic Canada Trading Co. Ltd.	0.25	
Dene Fur Clouds Ltd.	8.00	
Nahanni Butte General Store Ltd.	3.00	
Rae Lakes General Store Ltd.	6.00	
BDIC Venture Investments	95.50[1]	19.00
Total jobs created or maintained in 2005/2006	**123.75**	**24.00**

Table 1 Direct and Indirect Jobs Created or Maintained in 2005/2006

Indirect jobs are calculated using the NWT Bureau of Statistics Input Output Model. Direct and indirect jobs for venture investments are aggregated so as not to compromise their operations.

Nahanni Butte

[1] Direct job figures for venture investments are as provided by the client.

2005/2006 Financial Assistance & Investments

The *NWT BDIC Act* requires the BDIC to disclose the following information for each business it provided financial assistance to or invested in in the fiscal year:

- The name of the business
- The name of the owner or owners of the business
- The total amount of financial assistance provided or investment made
- The name of the community in which the business is located

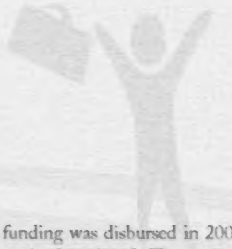
Name of Business	Owner(s)	Community	Program	Total Amount Disbursed
913044 NWT Ltd. (o/a Fort McPherson Tent and Canvas Shop)	NWT Business Development and Investment Corporation	Fort McPherson	Subsidiary	$70,000
Acho Dene Native Crafts Ltd.	NWT Business Development and Investment Corporation	Fort Liard	Subsidiary	$100,000
Andy's Auto Service	Andrew Vermillion	Hay River	Credit	$28,800
Arctic Canada Trading Co. Ltd.	NWT Business Development and Investment Corporation	Yellowknife	Subsidiary	$17,537
Blizzard Mobile Mechanical Services Ltd.	Roger Tremblay	Fort Liard	Credit	$21,000
Blue Ice Mechanical Ltd.	Sandy Schumann; Lisa Bidniak-Schumann	Hay River	Credit	$25,491
Buckley, Archie	Archie Buckley	Yellowknife	Credit	$7,000
David Storr & Sons Contracting Ltd.	Jean Storr	Inuvik	Credit	$158,000
Dene Fur Clouds Ltd.	NWT Business Development and Investment Corporation	Fort Providence	Subsidiary	$175,000

Table 2 Financial Assistance and Investments Provided by the BDIC in 2005/2006

Name of Business	Owner(s)	Community	Program	Total Amount Disbursed
Dory Point	Rita Catholique; Rick Reynolds	Fort Providence	Contribution	$10,000
Fort Resolution Metis Council	Fort Resolution Metis Council	Fort Resolution	Contribution	$9,675
Fort Smith Construction Ltd.	Alden Vogt	Fort Smith	Credit	$265,000
Groat, Kirby & Wendy (o/a Deh Cho Executive Suites)	Kirby Groat; Wendy Groat	Fort Simpson	Credit	$162,196
Kelver Diamond Supplies and Consulting	Patrick Kelleher; Gayla Meredith	Yellowknife	Credit	$15,000
L & A Aviation Ltd.	Darcy King; Kim King	Hay River	Credit	$848,000
Mbotlaxo Investments Ltd.	Elaine Grundy	Yellowknife	Credit	$174,125
Metrow Construction Ltd.	Hay River Métis Development Corporation; Hay River Mobile Home Trailer Park	Hay River	Credit	$200,000
Mop's Services Ltd.	Darrel Miller; Sharon Miller	Norman Wells	Credit	$136,000
Muskox Products Co.	Sachs Habour Hunters & Trappers Association	Sachs Harbour	Credit	$800,000
Nahanni Butte General Store Ltd.	NWT Business Development and Investment Corporation; Nahanni Butte Development Corporation	Nahanni Butte	Subsidiary	$115,000

Name of Business	Owner(s)	Community	Program	Total Amount Disbursed
Nahendeh Developments Ltd.	Fort Simpson Metis Development Corporation; Embee Ltd; 923209 NWT Ltd.	Fort Simpson	Credit	$482,679
Northern Wrenching	Derek Beaulieu	Fort Resolution	Credit	$34,000
Northwestern Air Lease Ltd.	T. Harrold; Brian Harrold	Fort Smith	Credit	$308,922
Rae Lakes General Store	NWT Business Development and Investment Corporation	Gamètì	Subsidiary	$120,000
SHAC Developments	Sandy Schumann; Mark Horton; Terence Courtoreille	Hay River	Credit	$80,000
Slanigiro Records & Production	Aaron Kikoak; Anna Bevington; Brandon Kikoak; Craig Allard; Jamie Kikoak	Fort Smith	Contribution	$4,800
Starlite Corporation Ltd.	Fred Daniels	Fort Smith	Credit	$200,000
Summer Thyme Carriage Services	Patricia J. Dartnell	Yellowknife	Contribution	$10,000
T & B Holdings Ltd.	Blaine Walterhouse; Terry Popplestone; Kristopher Rewega	Fort Smith	Credit	$155,000
Thebacha Business Development Services Ltd.	Thebacha Business Development Services Ltd.	Fort Smith	Credit	$160,000

Name of Business	Owner(s)	Community	Program	Total Amount Disbursed
Ts'Iwa Inc.	Tree of Peace	Yellowknife	Credit	$1,135,329
Viking Expeditions	Marvin Lizotte	Kakisa	Contribution	$6,955
World Top Motorsport Inc.	Monica Klugie	Fort Resolution	Credit	$30,000
Yellowknife Gymnastics Club Ltd.	Yellowknife Gymnastics Club	Yellowknife	Credit	$325,546
Remainder of financial assistance and investments provided in 2005/2006[2]			**$200,000**	
Total financial assistance and investments provided in 2005/2006			**$6,591,055**	



[2] This funding was disbursed in 2005/2006 to clients who were approved for funding in 2004/2005. These clients elected not to permit the BDIC to disclose information on the funding their business received in this Annual Report.